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# QUESTIONS AND ANSWERS

## On Rural Areas Development

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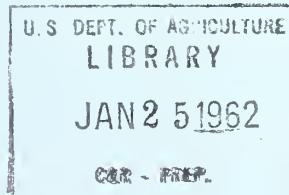
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UNITED STATES DEPARTMENT OF AGRICULTURE



## QUESTIONS AND ANSWERS ON RURAL AREAS DEVELOPMENT

Q. What is RAD?

A. RAD stands for Rural Areas Development. This is a program established by Secretary of Agriculture Orville L. Freeman to help any rural community that wants help to create more local employment and to make more productive use of its agricultural and natural resources. It is an across-the-board program.

Q. All right. What is ARA?

A. ARA stands for the new Area Redevelopment Administration in the Department of Commerce. It was set up this year to administer the Area Redevelopment Act, Public Law 87-27, which was signed by President Kennedy on May 1. William Batt is Administrator of ARA. Under this Act, \$100 million is earmarked for Federal loans to help finance industrial land sites and buildings in designated rural areas. Other provisions, applying to both rural and urban areas, include \$175 million for loans and grants for public facilities, \$4.5 million for technical aid, and \$14.5 million for retraining unemployed and underemployed workers. Already 487 rural counties have been designated by Mr. Batt's office as eligible for assistance under the Act.

Q. Do I understand that RAD and ARA are two different programs?

A. As far as the Department of Agriculture is concerned, the ARA program provides valuable financing, technical assistance, and retraining tools for helping to create jobs in rural areas of greatest need. USDA is going to utilize the ARA tools, as well as the technical and financial assistance available from other Government agencies, to help rural people create greater economic opportunity.

Q. The people in our rural area need a lot more jobs. How do we get started with a RAD program?

A. Work with your county extension agent in calling an organizational meeting of the community leaders in your area. Make certain it has broad representation, including, for example, farm organization representatives, labor, newspaper editors, bankers, electric co-op and telephone system representatives, clergymen, merchants, and school principals. Do not overlook spokesmen for any existing town or county development committees and USDA representatives in the area. At this meeting, you should develop plans for creating an Area RAD Committee, representing a whole marketing area, to work out an economic development program that will benefit your community. Then your group may want to call a mass meeting to enlist widespread support for the undertaking. Your county agents will help to fit your county and area plan into the State RAD organization.

Q. What is the State RAD Committee and who serves on it?

A. The State RAD Committee is comprised of outstanding community leaders and State officials. It will be concerned with formulating overall objectives for lifting the economy of rural areas within the State and for offering advice and assistance to Local RAD Committees. The State Committee, in turn, relies on a State Technical Advisory Panel, comprised of Federal employees assigned to each

State, for specific technical assistance. A Rural Electrification Administration field representative already has been assigned to Panels in most States.

Q. How big should our Local Committee be?

A. As a general rule, big enough to be representative of all interested groups, but not large enough to become ineffective. You will need more Indians than Chiefs. Successful RAD committees have set up small subcommittees, or working groups, to gather information on various aspects of the local economy. Typical working groups, are assigned to Agriculture; Business and Industry; Labor; Community and Public Facilities; Housing; Education and Training; Transportation. Each working group is responsible for making an inventory of the resources in its field and for investigating any special problems in its area. It makes its report to the Committee in about 30 days, and the Committee incorporates all the reports into an Overall Economic Development Program.

Q. We do not have an economist to help us. How do we go about putting together this Overall Economic Development Program?

A. You don't have to be an economist to prepare an OEDP. It is simply a written presentation describing the resources of your marketing area, your problems, and your plans for improving economic conditions in the area. It's the facts that count. Your local Farmers Home Administration county supervisor has received instructions for putting an OEDP together, and your local committee should turn to him for technical assistance.

Q. If we are in a designated rural area, what do we do with our OEDP when we finish it?

A. As an OEDP is prepared and ready for submission by an area, it should be reviewed by the executive committee or authorized subcommittee of the State RAD Committee, in consultation with the chairman of the State technical panel and forwarded to the State development agency. The actions of the State committee and the chairman of the technical panel should be made part of the OEDP as it is forwarded. A copy of these actions will be forwarded to the Federal Extension Service through the State Director of Extension. The State agency, if it approves the OEDP, will then forward it to the Area Redevelopment Administration in Washington. The Secretary of Agriculture must certify the OEDP prior to ARA approval and is relying on the Farmers Home Administration for recommendations on certification so time is saved later by following the above procedure in the State.

Q. Should we have an OEDP if we are not in a designated area?

A. Yes. This will enable you to take a better look at your resources, your problems, and the possible solutions. While ARA loans will not be available, the full resources of the Department of Agriculture and various State agencies will be available to assist in carrying out OEDP. You will want to begin work right away -- but you may want to send copies of the OEDP to your State RAD committee, your Governor, and any Federal Government agency which you think might be of help.

Q. In what way will the U. S. Department of Agriculture help our local committee?

A. The Federal Extension Service, through State Directors and county agents, will help local groups with organization problems. FHA will help with the OEDP. The Rural Electrification Administration is responsible for project development. We want to emphasize that USDA offers these services to all rural areas that want to help themselves -- whether they are eligible for assistance under the Area Redevelopment Act or not. The ARA is but one source of financial aid; there are many others.

Q. How can we get REA to help us?

A. You should get in touch with an REA field representative, a State or local technical panel, or write Mr. Richard Hausler, Director, RAD Staff, REA, Washington, 25, D. C. After you have completed an OEDP, REA will help you with project development at every step of the way. REA would like to see a copy of your OEDP, by the way.

Q. Now we're getting down to business. What do you mean by "project?"

A. We mean your specific community needs -- a water system; a sewage disposal plant; an agricultural marketing co-op; a hospital; a more productive form of agriculture; a feed or fertilizer processing plant; a machine shop, or a motel for a resort area. Your projects are your answers to local problems of unemployment and underemployment. Concentrate on first things first. Like many rural areas, you may find that you lack certain community facilities, such as an adequate water system. You may be short of modern housing. You have to develop these things before you can hope to create new industry.

Q. Exactly how can REA help with projects like these?

A. REA will help you to determine the feasibility of your projects. We will help you to get the technical information you need. Then REA will help you locate an appropriate source of credit, such as FHA and the Community Facilities Administration for water systems, FHA for housing loans, the Small Business Administration for business loans. Many sources of help are available, both on the State and Federal level, and REA will put in touch with the people and agencies best equipped to help you. You might think of REA as a partner "who knows his way around Washington."

Q. Will REA itself offer any special financial assistance?

A. Under Section 5 of the Rural Electrification Act, REA may approve loans, through its electric borrowers, to finance purchases of electrical equipment, including machinery, for industrial, commercial, and agricultural purposes. REA will consider making such loans, however, only when no other source of credit is available to the applicant on reasonable terms.

Q. Does REA have any special role to play under the new Area Redevelopment Act?

A. Yes. While the Commerce Department is responsible for administering the Act and giving final approval to loans and grants for industrial land and buildings, it has delegated certain functions under rural portions of the Act to the Department of Agriculture. The Secretary of Agriculture is relying upon REA for recommendations on his certification -- or refusal to certify -- these loan

applications. His certification is necessary before the loans can be made. In addition, the role that REA will play is similar to that it plays in any rural area -- helping local people develop successful projects and finding credit sources to finance them.

Q. If our area has been designated as eligible for ARA help, and our OEDP has been approved, can we get 100 percent financing?

A. No. In fact, whether you have been designated or not, you should count on obtaining some local financing for any sort of local project before you ask a Government agency for help. The source may be banks, bond or stock sales, or contributions. You should try to raise all the money you can at home.

Q. What is REA's idea of a good project?

A. It is hard to think of a better project than a homegrown industry which involves the processing and marketing of locally-produced agricultural and timber products. Projects like these keep more local dollars in local hands.

Q. What do we do with our application for an ARA loan or grant from one of the designated rural areas?

A. Under the law, the application must be approved by the designee of the Governor of your State before it can be forwarded to ARA. The working relationship between the Governor's designee, the State RAD committee, and the USDA Technical Panel varies from State to State. If you are unfamiliar with the way these bodies are cooperating on applications, you will want to make certain all three know about your application and that, if possible, the State Extension Director and State FHA Director get a look at the application or a copy of it. Since REA must eventually recommend to the Secretary of Agriculture the certification of the application before ARA takes action, you will save time if you send a copy of your application directly to REA at the time you send it to the State. That will give the REA RAD staff time to study it while the original is being processed in the State and being forwarded to REA through ARA.

Q. Are there any pitfalls that local committees should try to avoid?

A. Yes. One is the danger of pirating an industry away from one area. The Government will have no part of any such game of musical chairs. Obviously, it does nothing to lift the national economy when an industry is merely transplanted. Committees also should avoid the pitfall of eternal planning. Local groups should move right ahead on project development. At the same time, they should remember that successful projects must be competitive. They must meet the challenge of the marketplace.

Q. We're beginning to get the idea. RAD is going to be what we make it -- locally.

A. Right. The Federal Government can't think up a new business for your area. That's your job. What the USDA can do is to help you turn your ideas into successful new enterprise. We can help you over the rough spots in the road, but you have to start the car yourself.







